



NEWS RELEASE

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State Officials Warn of Potential Unscrupulous Contractors in Wake of Flooding Disaster

PIERRE, S.D – Attorney General Marty Jackley and the South Dakota Department of Public Safety urge South Dakota flood victims to proceed with caution when moving into the recovery phase of the Missouri River flooding event. Residents will understandably be eager to have new construction or the necessary work done to their damaged property. However, state and local officials are urging consumers to take the necessary steps to evaluate a bidder before contracting for a job. Consumers who need repair work done quickly following a natural disaster are often targets of unscrupulous business practices.

“While the vast number of contractors follow legitimate business practices, there are a handful that will seek to take an unfair advantage of our flood victims,” said Jackley. “We are encouraging citizens to take time to evaluate and secure the right contractor to avoid becoming a victim again.”

Here are a few suggestions when choosing professional contractors:

- Take the time to evaluate the bidder before contracting the job.
- Homeowners should look for a reliable contractor with a proven track record who readily offers credentials.
- Ask for references. Legitimate contractors should be more than willing to provide a list of satisfied customers to help verify their work.
- Ask for a written estimate. Make sure it includes everything you expect the contractor to do. It is also necessary to ask if there is a charge for an estimate.
- Insist on a written contract. A complete contract should clearly state all tasks to be performed, all associated costs and the payment schedule. Never sign a blank contract or one with blank spaces. Make sure the contract clearly states who will pay for all materials and will apply for the necessary permits.
- Ask for sales tax license.
- Keep a copy of the final, signed contract. Read this contract carefully before signing. This contract will usually be binding once you have both agreed to it. The contract should state that any changes in the project should include a Change Order signed by both and put guarantees in writing. Any guarantees made by the contractor should be written into the contract. The guarantee should clearly state what is guaranteed, who is responsible for the guarantee and how long the guarantee is valid.
- Obtain a local building permit, if required. Permits may be required for site work other than demolition and for reconstruction. Contact your local government for permit information.

- Make final payments only after the work is completed. Do not sign completion papers or make the final payment until the work is completed to your satisfaction. A reputable contractor will not threaten you or pressure you to sign if the job is not finished properly.
- Pay by check. Avoid on-the-spot cash payments. The safest route is to write a check to the contracting company. A reasonable down payment is 20 to 30 percent of the total cost of the project, to be paid upon initial delivery of materials.
- Avoid door-to-door contracting offers. Many transient contractors will not be available if problems occur months after the work has been completed.

Flood victims are also encouraged to shop around for materials that might be used during this time of recovery. South Dakota does not have price gouging statutes to protect consumers. Consumer will have to use their own due diligence to research and compare pricing of products such as generators, sump pumps, and building materials. If you have questions regarding price gouging or transient contractors contact the Attorney General's Consumer Protection Division at 1-800-300-1986 or at consumerhelp@state.sd.us.